

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SAM-01 AID-05 CIAE-00 DODE-00

HEW-02 INR-07 NSAE-00 PA-01 PRS-01 DHA-02 SCA-01

USIA-06 EB-07 IO-10 COME-00 FRB-03 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PM-04 H-02

L-03 NSC-05 SS-15 MED-02 FAA-00 DOTE-00 USPS-01 CU-02

FBO-02 SCCT-01 CCO-00 OC-05 OPR-02 USSS-00 A-01 SY-05

/133 W

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R 300810Z SEP 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 6436

USCINCEUR

INFO AMEMBASSY AMMAN

AMEMBASSY ATHENS

USINT BAGHDAD

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL JERUSALEM

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL STUTTGART

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

CINCUSNAVEUR

CINCUSAFE

COMSIXTHFLT

CTF60

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SE.O. 11652: GDS

TAGS: ECON, LE

SUBJECT: ECONOMIC AND HEALTH CONDITIONS IN BEIRUT

REF : USCINCEUR MESSAGE 261321Z SEP '75 (NOTAL)

SUMMARY. PROVIDED BELOW IS A WRAP-UP OF CURRENT STATUS OF PUBLIC SERVICES AS WELL AS ECONOMIC AND HEALTH CONDITIONS IN BEIRUT, AS REQUESTED REFTEL. FOURTH ROUND HAS CAUSED ECONOMIC DISRUPTION PROBABLY EQUAL TO TOTAL FOR THE FIRST THREE ROUNDS. ECONOMIC LIFE IS BEGINNING TO RETURN TO NORMAL. ALTHOUGH HOSPITALS ARE TREATING ONLY EMERGENCY CASES, GENERAL HEALTH CONDITIONS HAVE NOT SERIOUSLY DETERIORATED. FIGHTING HAS UNDOUBTEDLY DEALT BLOW TO BEIRUT'S TRADITIONAL MIDDLE EAST ECONOMIC ROLE, HOWEVER, RESILIENT LEBANESE BUSINESSMEN AND BANKERS COULD PROBABLY RECOVER CONSIDERABLE LOST GROUND IF STABILITY RETURNS. END SUMMARY

1. ECONOMIC DISRUPTION. ECONOMIC COSTS RESULTING FROM FOURTH ROUND PROBABLY EQUAL THE TOTAL FOR THE PRECEDING THREE ROUNDS. A LOCAL ARABIC NEWSPAPER ESTIMATES TOTAL FOR ALL FOUR ROUNDS TO BE 13 BILLION LEBANESE POUNDS (ABOUT 5.8 BILLION DOLLARS). AS THIS FIGURE IS ABOUT ONE AND ONE-HALF TIMES ENTIRE LEBANESE GROSS NATIONAL PRODUCT OF 1974, IT SEEMS GROSSLY EXAGGERATED. CHAMBER OF COMMERCE ESTIMATES PREPARED AFTER FIRST THREE ROUNDS PUT AMOUNT AT 1.75 BILLION POUNDS, AND THE ARAB ECONOMIST MAGAZINE HAS ESTIMATED 2.5 BILLION POUNDS. CONSIDERING THAT PHYSICAL DAMAGE WAS SLIGHT IN PRECEDING ROUNDS AND THAT IN ROUND FOUR TWO ENTIRE SOUKS (MARKET AREAS) HAVE BEEN VIRTUALLY DESTROYED, FIGURE OF FIVE BILLION POUNDS 2.25 BILLION DOLLARS) FOR ECONOMIC COSTS FOR ALL FOUR ROUNDS SEEMS REASONABLE GUESS. THIS AMOUNT INCLUDES DAMAGES AS WELL AS LOSS OF PRODUCTION DURING SIX WEEKS THIS YEAR THAT FIGHTING HAS SHUT DOWN MOST ECONOMIC ACTIVITIES.

2. FOOD SUPPLY. ACUTE SHORTAGES OF BREAD AND SOME OTHER FOODSTUFFS LED GOVERNMENT TO CREATE COMMITTEE TO ASSURE FOOD SUPPLY, NOW GOOD IN ALL AREAS OF BEIRUT. THE  
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EXORBITANT PRICES CHARGED DURING HEIGHT OF VIOLENCE HAVE DECLINED TO ABOUT 10 PERCENT ABOVE NORMAL. SOUTHERN PART OF COUNTRY REMAINS SHORT OF GRAIN.

3. COMMERCE. MOST SHOPS AND ALL BANKS HAVE BEEN CLOSED OVER 10 DAYS, ALTHOUGH GROCERY STORES HAVE OPENED PERIODICALLY THROUGHOUT CRISIS. BANKS AND MOST SHOPS LIKELY TO OPEN  
SEPTEMBER 30.

4. TRANSPORTATION AND COMMUNICATIONS. PORT, LOCATED NEAR AREA OF MAJOR FIGHTING, HAS NOT OPENED SINCE BEGINNING OF CRISIS. ALTHOUGH PORT AUTHORITIES ADVISED EMPLOYEES TO REPORT FOR DUTY TODAY, PORT REMAINS CLOSED FOR LACK OF PERSONNEL. ROAD TO AIRPORT HAS AT TIMES BEEN DANGEROUS, BUT AIRPORT HAS FUNCTIONED THROUGHOUT CRISIS. EXODUS OF EXPATRIATES AND ARRIVAL OF CONCERNED LEBANESE MAINTAINED DEPARTURE AND ARRIVAL FIGURES AT NEAR NORMAL LEVELS THROUGH FIRST DAYS OF CRISIS; HOWEVER, NOW AIRPORT ON AND OFF STATISTICS ARE ABOUT HALF TO THREE-FOURTHS NORMAL LEVELS. BEIRUT WAS CUT OFF FROM INTERNATIONAL TELEPHONE SERVICE FOR A FEW DAYS, BUT INTERNATIONAL CIRCUITS ARE NOW OPERATING.

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CCO-00 OC-05 OPR-02 USSS-00 SCA-01 A-01 SY-05 HEW-02

IO-10 /133 W

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R 300810Z SEP 75

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TO SECSTATE WASHDC 6437

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AMEMBASSY TEHRAN  
AMEMBASSY TEL AVIV  
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5. TOURISM. FIRST THREE ROUNDS DEALT HEAVY BLOW TO TOURIST SEASON. HOWEVER, MAJOR HOTELS SHOWED SOME RECOVERY DURING LULL BETWEEN ROUNDS THREE AND FOUR. LATEST OUTBREAK OF VIOLENCE HAS CAUSED OCCUPANCY RATES IN MAJOR HOTELS TO PLUMMET TO CURRENT 20-25PCT AND IN OTHER HOTELS TO HALF THAT OR LESS.

6. GASOLINE AND FUEL. BEIRUT AND VICINITY HAVE LARGELY DEPENDED ON IMPORTED GASOLINE SINCE TRIPOLI FIGHTING SHUT OFF DELIVERIES THREE WEEKS AGO FROM IPC REFINERY, WHOSE PRODUCTION NORMALLY SUPPLIES MARKET. ALTHOUGH TRAFFIC HAS BEEN VERY LIGHT DURING CRISIS, ALMOST NO GASOLINE WAS AVAILABLE BECAUSE FIGHTING PREVENTED MOORING OF TANKER SHIPS. NOW THAT LEVEL OF VIOLENCE HAS SUBSIDED, GASOLINE BECOMING AVAILABLE IN MOST AREAS. SOLDIERS ARE MAKING DELIVERIES IN AREAS WHERE TANKER TRUCK DRIVERS REFUSE TO GO. ARMY CLEARS TRACKS FOR DAILY FUEL FROM MEDRECO REFINERY NEAR SIDON FOR ELECTRICITY GENERATING PLANTS AND TELEPHONE SERVICE IN BEIRUT AREA. DISCHARGE OF TANKER SHIPS OF JET FUEL HAS INCREASED AIRPORT STOCKS TO ABOUT ONE-THIRD OF NORMAL THREE-DAY SUPPLY. PRINCIPAL PROBLEM IS TRANSPORTING JET FUEL FRO PORT TO AIRPORT. PLANES STILL ARRIVE WITH FUEL ON BOARD.

7. HEALTH AND HOSPITALS. VIOLENCE PRODUCED NO SERIOUS HEALTH PROBLEMS OTHER THAN TO COMBATANTS. GOVERNMENT HAS URGED CITIZENS TO BURN GARBAGE IN STREETS TO PREVENT DISEASE AND PESTILENCE. THERE HAVE BEEN NO SERIOUS OUTBREAKS OF DISEASE. FOR LACK OF STAFF, AMERICAN UNIVERSITY HOSPITAL (AND PROBABLY OTHERS), HAS ACCEPTED ONLY EMERGENCY CASES SINCE CRISIS BEGAN.

8. UTILITIES. PARTS OF BEIRUT WERE WITHOUT WATER FOR SEVERAL DAYS AND IT IS STILL RATIONED IN SOME AREAS. TELEPHONE SERVICE, ALWAYS QUIXOTIC, APPEARS NO WORSE THAN NORMAL. COOKING GAS REMAINS IN SHORT SUPPLY BECAUSE OF DESTRUCTION OF TANK FILLING FACILITIES. ELECTRICITY SUPPLY SEEMS ASSURED AS LONG AS TRAINS CONTINUE TO PROVIDE FUEL OIL FOR GENERATING PLANTS. MAIL SERVICES VIRTUALLY NONEXISTANT.  
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9. SCHOOLS. AMERICAN COMMUNITY SCHOOL OPENED TODAY ON SCHEDULE AND ARABIC NEWSPAPERS SAY LOCAL SCHOOLS PLAN TO OPEN AS SCHEDULED IN MID-OCTOBER. AMERICAN UNIVERSITY OF BEIRUT PLANS OPEN ON SCHEDULE.

10. PROSPECTS FOR LOCAL ECONOMY. FOURTH ROUND IS CAUSING MANY FOREIGN BUSINESS FIRMS TO WEIGHT PERMANENT RELOCATION AND REDUCTION OF STAFFS, IF THEY CAN FIND SOMEWHERE ELSE TO GO. (SEE BEIRUT 11973). PROBABLY 200-300 AMERICANS LEFT BEIRUT AT LEAST TEMPORARILY DURING ROUND 4, BOTH FOR SECURITY REASONS AND BECAUSE OF THE INABILITY TO DO BUSINESS HERE. CONTINUED VIOLENCE THREATENS TRADITIONAL LEBANESE MIDDLE-MAN ROLE IN THE MIDDLE EAST. COST TO LEBANESE IN MOST GENERAL TERMS MAY BE REFLECTED IN GNP, WHICH HADGROWN 10-15PCT ANNUALLY IN RECENT YEARS. THIS YEAR IT MAY DROP, POSSIBLY 10PCT OR MORE. LONGER TERM PROSPECTS OVER THE NEXT 15 TO 18 MONTHS DEPEND ON: 1) RECAPTURING THE TOURIST TRADE AND, 2) CONVINCING BUSINESSMEN THAT SECURITY PROBLEMS WILL BE SOLVED SO AS TO ALLOW THEM TO BENEFIT FROM BEIRUT'S TRADITIONAL ADVANTAGES.  
GODLEY

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## Message Attributes

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